



U.S. Department of State Career Transition Center

## CTC NEWSLETTER

(Print Version)

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**Happy  
Independence  
Day!**

*A real patriot is the fellow who gets a parking ticket and rejoices that the system works.*

*-- Bill Vaughan*

## THE MOST IMPORTANT NUMBER

By Mark Waldman, Ph.D., CFP™

When you face the transition from federal employment to whatever comes next, you have to deal with a lot of numbers. Annuity, TSP, health insurance, life insurance, etc., all come at you in a bewildering mix. However, one number is vastly more important than all the rest. If you understand how to plan in this one area you will vastly improve your chances of having a secure post-federal employment life.

### Your Lifestyle

When a financial professional asks you what your lifestyle is, we are really asking what it costs you to live. "I live on \$4,300 a month," would be the kind of answer we're looking for. You'd be surprised what people tell us when we ask the question, though. "OK, what does it cost you to do that?"

In financial terms, your lifestyle is what you spend. Although most of us have a mental picture of what we spend, it is usually not accurate enough for planning purposes. It is a common experience for people to sit down with a financial planner and leave out about 20% of their spending. They don't do it deliberately, of course. It's just that we live fast-paced lives and often don't remember spending money. Or, we don't realize how often or how much we really spend on something.



*"Money is better than poverty, if only for financial reasons."*

*- Woody Allen*

### It's Important To Know It

If you don't know how much you spend, you can't plan for the future. How could you know whether or not you will have to work, and if so what you will have to make? How can you know whether you have enough money invested, and what return you will need to keep up with inflation? How much will you have to save and invest, and what investment vehicles will be appropriate, if your goals are still in the future? Your cost of living will determine the answers to all these questions.

### How To Find Out

There are a few things you need to do to get to an answer. One is to look at your checkbook and credit card receipts. Another is to carry a notebook for a month or two and write down every cash expense you make and what you spent on. (Married couples should do this in the proper spirit: "Oh look, isn't it interesting.") Remember to build in irregular expenses such as auto insurance, travel, holidays, aid to children, etc. Remember income taxes as well. There is a form at the end of the article that you can use to gather information on your monthly (or annual) expenses.

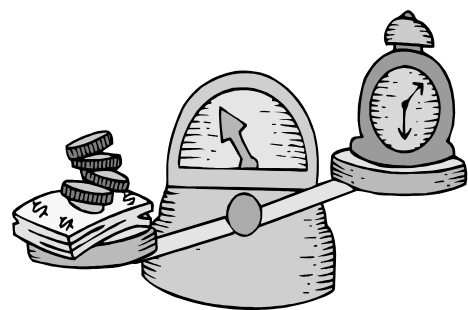
### How To Use The Number

Once you know what you spend now, consider what may change in retirement, or at some other point in the future. Some expenses may go down or disappear, some may increase. Moving to a new area can affect your expenses, for example. Once you have a projected cost of living, you can go on to the next step, which is figuring out where the money will come from.



*"More and more these days I find myself  
pondering how to reconcile  
my net income with my gross habits."*

*- John Nelson*



*"I've got all the money I'll ever need  
— if I die by four o'clock  
this afternoon."*

*- Henry Youngman*

# EXPENSE WORKSHEET

NOW

LATER

Mortgage/Rent.....  
 Utilities  
     Gas/Electric.....  
     Water/Trash.....  
     Phone/Internet.....  
 Household Expenses.....  
 Food (at markets).....  
 Restaurants/Entertainment.....  
 Cable/Satellite.....  
 Cleaning.....  
 Yard/Lawn.....  
 Auto Maintenance  
     Gas/Oil.....  
     Parking/Tolls.....  
     Repairs/Service.....  
 Insurance  
     Homeowners/Renters.....  
     Liability.....  
     Health.....  
     Long Term Care.....  
     Other.....  
 Alimony.....  
 Children/Grandchildren  
     School/Education.....  
     Allowance.....  
     Gifts/Holidays.....  
     Child Support.....  
 Travel.....  
 Hobbies.....  
 Memberships.....  
 Pet Expenses.....  
 Other.....  
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# BECOME YOUR OWN FINANCIAL ADVISER: A Quick Checklist to Get Your Financial Affairs in Order

By Mark Waldman, PhD., CFP™

It can be confusing to try to get a handle on your financial life. Many people understand that there are different areas they have to deal with, but don't know how to organize and prioritize things. They may get overwhelmed with information or go into "analysis paralysis" in an attempt to avoid decisions. Here's a quick quiz you can take that can help you get started on your financial plan.

Answer "YES" or "NO" to each of the following questions:

- Do you have enough emergency money to live on for 3-6 months if you had to?
- Have you thought seriously about what you want your future to be like?
- Do you know what it costs you to live (or what it will cost after retirement), and where the money will come from?
- Do you regularly review your investments and your progress towards your goals?
- Do you have a will or revocable living trust, an advance medical directive, and a financial power of attorney? If you have them, have you reviewed them in the last 5 years?
- Do you have enough and the right kinds of life, health, homeowners', liability, and long term care insurance?
- If your life or health is changing, have

you factored these changes into your financial plan?

- Do your investments match your risk tolerance as well as your goals? If you have been considering getting professional help, are you taking steps to find someone?
- If you expect an inheritance or other lump sum in the future, have you started planning for that event?
- If you have said "NO" to any of the

above questions, are you ready to start working on a plan in that area?

These are the questions a potential financial adviser would ask you to get your planning process started. By answering the questions yourself you can get started on your own plan and save some money in the process!



*"Whoever said  
money can't buy happiness  
simply didn't know  
where to shop."*

*- Bo Derek*

*[Mark Waldman is a Registered Principal with Securities America, Inc., member NASD/SIPC. He is an Investment Advisor Representative of Securities America Advisors, Inc. He is an economist, holds the Certified Financial Planner™ designation, and has been an independent financial adviser for more than twenty years. He worked with State Department and USAID and understands the concerns and needs of Foreign Service professionals. His contact information is: telephone 703.281.7100 and e-mail mark@themoneydoctor.com]*

## EDITOR'S NOTES



AARP has a really nice section on their website for financial planning – [www.aarp.org/financial/](http://www.aarp.org/financial/). There is a “Retirement Calculator” that you can use to calculate your retirement needs to make sure you are saving enough and an interactive quiz to test your money

management skills. There are some excellent tips for creating a financial plan, money management, and monitoring your investments -- many of which include hyperlinks to other useful sites. There are also several informative articles about working with financial advisors like Dr. Waldman. And you can order a free interactive CD-ROM entitled “10 Steps To A Better Financial Future” (+ postage \$4.50).

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There are two websites that offer good information on financial planning and planners as well as very helpful locators of financial planning service providers. (You can even search for one by zip code!) Both websites provide names of these professionals with their qualifications and contact details.

- Financial Planning Association (FPA) —[www.fpanet.org](http://www.fpanet.org)
- National Association of Personal Financial Advisors (NAPFA) - [www.napfa.org](http://www.napfa.org)

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The Certified Financial Planner Board of Standards, Inc. ([www.cfp.net](http://www.cfp.net)) has a good explanation of the different types of finan-

cial professionals who may offer services of interest to you — Certified Financial Planners, Estate Planning Professionals, Fee-Based Financial Advisors, Fee-only Financial Advisors, Financial Advisors, Financial Analysts, Investment Advisors, Money Managers, and the list goes on! Both the NAPFA and CFP websites have good checklists on how to choose a financial planner.

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For those of you who have not yet retired and are still employees of State Department, you can estimate your retirement annuity on e-Phone now. Just enter a retirement date and your survivor election, then the e-Phone “Calculator” will estimate your annuity. Very cool tool from State’s HR!

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Here are a few books and articles on financial planning before and after retirement:

THE WALL STREET JOURNAL GUIDE TO PLANNING YOUR FINANCIAL FUTURE, 3<sup>RD</sup> EDITION: THE EASY-TO-READ GUIDE TO PLANNING FOR RETIREMENT

by Kenneth M. Morris

EVERYONE’S MONEY BOOK ON RETIREMENT PLANNING

by Jordan E. Goodman

HANDBOOK OF FINANCIAL PLANNING FOR RETIREMENT

by G. Victor Hallman

J.K. LASSER’S YOUR WINNING RETIREMENT PLAN

by Henry K. Hebel

"Finding Good Financial Help" by Deborah Knuckey in "Washingtonian Online" ([www.washingtonian.com/etc/business/financialhelp.html](http://www.washingtonian.com/etc/business/financialhelp.html))

#### ADVISING THE 60+ INVESTOR: TAX AND FINANCIAL PLANNING STRATEGIES

by Darlene Smith, et al

Republican National Committee – Get Active – [www.rnc.org/GetActive/Default.aspx](http://www.rnc.org/GetActive/Default.aspx)

### ATTENTION JSP GRADS!



The next CTC Job Fair will be held at FSI on August 24, 2004, from 1:00 to 4:00 p.m.

### JOB LEADS



We celebrate Independence Day this month and this is an election year, so we offer the following sites for your perusal and possible patriotic action:

Democratic National Committee – Get Involved – [www.democrats.org/getinvolved/index.html](http://www.democrats.org/getinvolved/index.html)



*"I dream of a rural life — raising cheques."*

- Dorothy Parker



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